

MINING LEASE PURCHASE AGREEMENT

THIS AGREEMENT made and entered into as of the 29th day of July, 1967, by and between HOWARD E. HARRIS of Winnemucca, Nevada, as his sole and separate property, hereinafter known as first party, and DIVERSIFIED MINES, INC., a Washington Corporation, qualified to do business in the State of Nevada, hereafter known as second party,

WITNESSETH:

That the said first party, for and in consideration of the rents, royalties, covenants and agreements hereinafter expressed to be paid, kept and performed by the second party, has leased, let and demised and by these presents does lease, let and demise unto the second party, the following described mining property and premises, situate in the Beowawe Mining District, Eureka County, State of Nevada, to-wit:

Hotsulph, Hotsulph #4, Hotsulph #5, Hotsulph #6, Hotsulph #7, Hotsulph #8, Hotsulph #9, Hotsulph #10, Hotsulph #11, Hotsulph #12, Red Shannon, Red Terry, Red Darryl, Red Roma, Red Desire', Red Ollie, Red Sharron, Red Lou, Whitesulph #1, White Sulph #2, White Sulph #3, and Whitesulph #4, together with a one-half interest in and to Hotsulph #1, Hotsulph #2 and Hotsulph #3, located adjacent to above-named claims, all located in Beowawe Mining District, Eureka County, Nevada.

TO HAVE AND TO HOLD unto the second party the above-described premises for the purpose of mining, for a period of twenty-five years from the date of this agreement (with the right to acquire title as hereinafter set forth) and so long as the compensatory royalties herein provided are paid, unless sooner paid in full, forfeited or terminated through the violation of any of the covenants and conditions herein contained.

The second party, in consideration of the premises, has covenanted, contracted and agreed, and by these presents does

covenant, contract and agree to and with the first party, his heirs, executors, administrators and assigns, as follows:

1. A. Second party has paid on July 29, 1967, the sum of \$1,000.00 in hand paid, the receipt whereof is hereby acknowledged by the first party.

B. Second party shall deposit in escrow with the Nevada Title Guaranty Company, designated by the parties herein as escrow agent, the sum of \$1,500.00 to be delivered to the first party upon receipt of a title report from said Nevada Title Guaranty Company, verifying that first party has good and sufficient right, title and interest in and to the said mining claims above-described, that said mining claims are valid and subsisting claims with the appropriate proofs of labor, that annual assessment work has been performed to date, and that said mining claims are subject only to the paramount title of the United States of America and the State of Nevada. The effectiveness of this agreement is contingent upon first party being able to provide said good and sufficient title as aforementioned.

C. Second party further agrees to pay to the first party as royalty, six percent of the net shipment or smelter returns or \$250.00 per month, whichever shall be the greater, on all ores, metals, minerals and other products extracted, mined, milled, shipped or otherwise sold from said leased premises, in any manner during the life of this lease; said payments to be made within a reasonable time of the receipt of said returns by second party, or its agents.

2. To enter upon said premises and to work the same in minerlike fashion in the manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the development and preservation of said mine or

mining premises, as a workable mining property, all with due regard for second party's mining developments and operational plans.

3. To allow the first party, or his agents, from time to time to enter upon all parts of said leased premises for the purpose of inspections, surveys or taking samples therefrom and to render to said party proper assistance in making such inspections, surveys or examinations; and second party shall furnish first party copies of all assays, smelter reports, bills of sale and shipping reports upon demand, or within a reasonable time thereafter.

4. The second party shall and does hereby assume all responsibility in case of accident to second party, or any of its employees, agents or third parties, or damage to the property of all persons in, on or about the demised premises, by reason of any cause, except the wilful misconduct of first party, and second party does agree to indemnify and save harmless the first party from any and all liability for such damage, injury or death.

5. Second party shall pay all bullion tax or other tax on ores mined, but said taxes shall be considered as part of the costs in estimating net returns. That first party shall pay his proportionate share of all bullion taxes or taxes on ores mined in accordance with his royalty interest herein.

6. Second party shall pay all bills and expenses incurred by the second party or those in privity with it, promptly, and second party shall prevent the filing of any and all liens of miners, mechanics or material men against the said demised premises, and second party shall indemnify first party and save first party harmless from all liens and claims of lien and any and all other liabilities, claims and demands arising out of work done or materials supplied to the demised premises at the instance and request of the second party, and from all actions, suits and costs of suit in relation thereto by any person to enforce such lien claim, liability or demand. First party may pay any liens or obligations filed against the premises, and the second party holds

itself bound to pay to the first party all sums so advanced or paid to clear said premises from liens which may be filed as aforesaid.

7. It is mutually understood and agreed that upon the expiration of this lease, termination or forfeiture thereof, that all machinery, tools, equipment, supplies and all other personal property which may be placed upon said premises by the second party may be removed therefrom by the second party at its sole expense within sixty days after such expiration, termination or forfeiture.

8. Upon the violation of any covenant or condition herein contained, this lease shall, at the option of first party, and after notice to second party and default remaining uncorrected, expire and terminate, and the premises shall become forfeited to the first party and first party may enter upon said premises and dispossess all persons occupying the same, with or without force, and with or without process of law, providing that second party shall have thirty days after written notice hereinabove provided, to correct any default or violation, and making such correction, shall maintain this lease in full force and effect. Such notice by either party herein shall be in writing and delivered by certified or registered mail to the following address:

Notice to First Party: 1110 Harmony Road, Winnemucca, Nevada

Notice to Second Party: Diversified Mines, Inc., 18800 Highway 99, P.O. Box 398, Lynwood, Washington

All royalties hereunder to first party shall be paid to first party at the above address, or to the deposit of said first party's account at the First National Bank of Nevada, Winnemucca, Nevada.

9. Second party agrees to comply with all laws, rules and regulations of the State of Nevada, particularly those pertaining to mining.

10. Second party agrees to do all annual assessment work, presenting proof thereof to the first party in ample time to comply with the mining laws. The first party shall have the duty and obligation of filing such annual proofs of labor as required by law to maintain the premises as valid and subsisting mining claims according to law.

11. Purchase Agreement: ESCROW

It is understood and agreed that first party shall execute and deliver to the Nevada Title Guaranty Company at Elko, Nevada, a Deed of the leased premises as grantor, to the second party as grantee. Said Deed shall be placed with the Nevada Title Guaranty Company as escrow agent. In accordance herewith first party agrees that if the second party abides by the above agreement performing as agreed hereinabove and making all payments of money, royalties or otherwise as hereinabove provided, with the right at any time to prepay, then in further consideration therefor first party agrees that when the total amount of moneys paid to first party, his heirs or assigns, including all payments and royalties heretofore recited in Paragraph 1 amounts to the total sum of \$100,000.00, evidenced to the Nevada Title Guaranty Company in the form of cancelled checks, receipts of payment, acknowledgments of payment or the like, then Nevada Title Guaranty Company is instructed to transfer and deliver said Mining Deed to the above-described premises to second party, its successors or assigns, and all of the payments will thereupon cease, the second party, its successors or assigns, thenceforth holding said property in its own right.

A. ESCROW INSTRUCTIONS: A copy of this agreement shall be provided Nevada Title Guaranty Company, at Elko, Nevada, as escrow instructions, with the understanding that the parties

hereto will execute any and all other necessary instructions, conditions or restrictions that may be imposed by Nevada Title Guaranty Company, in order to affect proper escrow arrangements only, but not to alter or invalidate any of the terms or covenants herein.

Time is of the essence of this agreement.

This agreement shall become binding upon and inure to the benefit of the heirs, administrators, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties have subscribed the day and year first above written.

Howard E. Harris
HOWARD HARRIS

DIVERSIFIED MINES, INC.

BY J.M. Willis - President

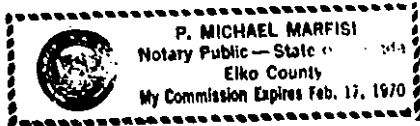
STATE OF NEVADA,

COUNTY OF Elko

On August 16, 1967, personally appeared before me, a Notary Public, HOWARD E. HARRIS who acknowledged that he executed the above instrument.

P. Michael Marfisi
NOTARY PUBLIC

STATE OF Washington
COUNTY OF Snohomish



On August 17th, 1967, personally appeared before me, a Notary Public, J.M. Willis, President of DIVERSIFIED MINES, INC., who acknowledged that he executed the above instrument.

File No. 15219
RECORDED AT THE REQUEST OF
Vaughan, Hull, McDaniel & Marfisi

J.M. Willis
NOTARY PUBLIC in and for the State of Washington, County of King. My commission expires 12/6/70.

September 7 A. D. 19 67.
at 38 minutes past 11 A. M.
in Book 20 of OFFICIAL RECORDS
Page 321-326 Records of
ELKO COUNTY, NEVADA
William C. McPaul

Recorder
Fee \$ 8.00 -6-

